

concept that the treaty was drafted 30 years ago, but fortunately the people who drafted that treaty had the foresight to say, gosh, over a period of time the consequences may change to the extent that the United States and the USSR ought to be able to walk away from this treaty; that the consequences are of such importance that it justifies withdrawal from the ABM Treaty.

I think the President is justified in taking the position that with all of the countries today that can accidentally or intentionally launch a missile into the United States, that the circumstances have changed dramatically enough that the United States has to take a new approach; that the United States can no longer afford, can no longer afford to sit by and pretend that in our future there will be no missile attack against the United States.

In fact, it is just the opposite. The United States must prepare today for tomorrow and for the future generations, prepare for the expectation that in fact a missile at some point or another will be launched against the United States of America, either intentionally or accidentally.

But once that missile is airborne, it does not much matter as far as the consequences of the missile hit. But it does matter if we are able to stop that missile, let us say, on its launching pad; and let us say we are able to determine it was an accidental launch, that somebody made a mistake, that some mechanism, a malfunction, and we were able to stop a war or we were able to stop American retribution, which you know because of our capabilities would be severe, harsh, and instantaneous; that we were able to avoid that because we had in place a system that was capable of stopping an attack against the United States.

So I urge every one of my colleagues, instead of playing the political rhetoric game, which I am beginning to see emerge up here, against the missile defense system, put that political rhetoric aside for the benefit of the future generations of the United States of America. Try and put in place a vision for the future, a future that allows the people and the population of the United States, and the friends of the United States of America, the capability of making a missile attack a nonissue, because we have the capability to stop it.

For those of you who want to end violence or at least do what you can to minimize violence, you, as I said earlier, should be the strongest proponents we have for a missile defense system. So I congratulate the President, I congratulate the administration, and, frankly, I commend both Democrats and Republicans on the House floor that are coming across this aisle to stand in unison in favor of a missile defense system for this country.

Let me just reiterate a couple points I made earlier. It is appropriate and it

is timely for the United States Congress to put in our rules a rule which prohibits inappropriate conduct between a Congressman and an intern.

I spent a good deal of time at the beginning of my remarks explaining why I have pursued this issue. I spent a good deal of time pointing out that we are the only major institution, the U.S. Congress is the only major institution in United States that does not have a prohibition against inappropriate relationships between a Congressman and an intern. For example, the teaching profession, every school in the Nation prohibits it; the medical profession prohibits it; the military prohibits it; the clergy prohibits it; the legal profession prohibits it; most major corporations prohibit it. The United States Congress ought to follow good example. It is not precedent breaking. We should set a good example, follow a good example, and put in place a rule that prohibits that type of inappropriate conduct.

Finally, as my final remarks, I urge all of us to stand as a team to address this economy. This is not a laughing matter. This is a very serious situation. We are in a tunnel, we are not out the other side of it, and there is a train coming in. We need to stand in unison to figure out how to get out of that tunnel. And there is light. We can get out of the tunnel, but the more bickering and partisanship that we see on this House floor, the less likely that we can fulfill our leadership responsibilities and obligations and lead our country into some type of economic recovery.

NEGATIVE IMPACT OF PRESIDENT'S TAX CUT

The SPEAKER pro tempore (Mr. AKIN). Under the Speaker's announced policy of January 3, 2001, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, I want to respond, if I can, briefly, to some of the comments that my colleague from Colorado made with regard to the economy.

Mr. Speaker, I do realize that we in Congress all have an obligation, certainly, to work for economic recovery, and there is, of course, a great deal of concern about the economy right now because of some of the indications we have had over the last week with regard to the stock market, with regard to some of the unemployment figures that have come through.

But, Mr. Speaker, I would be remiss if I did not point out, and this is really the gist of my comments this evening, I do not intend to use the full hour, but I need to spend a little time reiterating once again the negative impact of President Bush's tax cut, the tax cut that was supported by the majority of

the Republicans, who are the majority here in the House of Representatives, and which I think has had a very negative impact and certainly over the long term will have a very negative impact on the economy. And my fear that it is going to lead to President Bush suggesting and the Republican majority suggesting at some point, if it has not happened already, that we dip into the Medicare and the Social Security Trust Funds in order to pay for ongoing expenses with the Congressional budget, with the Federal budget.

Mr. Speaker, before we had the 4 weeks when we as Members of Congress were back in our districts during August, during the summer, we had been told over and over again by the President and the Republican leadership that there was no need to worry about this tax cut, this huge massive tax cut that primarily benefited wealthy Americans, because we could have the tax cut and we would also be able to make sure that, even with the tax cut, that we would have enough money left over to pay for the national priorities that President Bush outlined, an education bill, a new defense initiative to make sure that the military was ready in the event of war, and also a Medicare prescription drug benefit. We could have the tax cut and we would also be able to have money left over for those national priorities.

We were also assured by the President and the Republican leadership that even with this massive tax cut that primarily favored the well-to-do, that we would have enough money for Social Security, that we would not dip into the Social Security and Medicare Trust Funds.

□ 2000

Well, Democrats have been saying for over a year that none of those things were true; that the nature of the tax cut, the fact that it was so big, that what the President and the Republicans were proposing was so big, that it would basically make it impossible to not dip into the Medicare and Social Security trust funds and that there would not be any money left for any of those other priorities.

Well, we are there today. We went home at the end of July, early August, we came back, and lo and behold, the numbers have come back about the budget and what money is available; and the Congressional Budget Office, among other agencies, have told us that none of those things are true, that we probably have already dipped into the Social Security and Medicare trust funds because of this massive tax cut that the President insisted on as the sort of milestone and the main thing that we wanted to accomplish in the first year of his Presidency.

Just as some information, Mr. Speaker, the Congressional Budget Office, this is from about a week or so ago,

maybe it is 2 weeks now, the Congressional Budget Office confirmed what the Democrats have been saying for over a year, that the Bush tax cut is so big it forces the government to invade Social Security and Medicare trust funds. According to CBO, the government will be taking \$30 billion from the Social Security Trust Fund and \$170 billion from the Medicare trust fund over the next 5 years. The President talked about how in 2001, this fiscal year, we were going to have the second biggest surplus in history. But this year alone, the government is actually in deficit and must tap Medicare and Social Security to fund just routine government operations.

If we listen to what President Bush is saying, he pretty much has said, well, we may have to tap into the Social Security trust fund. He has talked about, well, maybe if the economy continues to deteriorate, that will be necessary. So I do not think there is any question, Mr. Speaker, that we are headed down that road.

It is a scary road because, first of all, I should point out before I talk about the negative consequences of this, the fact of the matter is, it could be a lot worse than even what the CBO is estimating now, because we have to remember that the Congressional Budget Office, in their making these projections that I talked about, these are baseline estimates, which basically assumes that there are no changes in spending. In other words, the CBO numbers do not assume that any of the other things that President Bush has talked about spending in this budget are going to happen, and it also assumes that the economy will pretty much stay the way it is rather than get any worse. If the economy worsens or if we tried to implement some of the things that the President has talked about, we could dip even further into the Social Security and Medicare trust funds.

I know that the gentleman from Colorado (Mr. McINNIS), the gentleman who just spoke, said he does not really want to hear about this because after all, we are supposed to be united and we are not supposed to be bickering over who caused this problem. Well, it is not a coincidence. The Bush tax cut is the reason. In only 8 months, the President, President Bush has taken us from a situation where we had a healthy surplus that was basically built up under the 8 years of President Clinton's administration and was a major contributing factor to the fact that the economy was booming, and in just 8 months, this fiscal situation has dramatically reversed itself because of the policies of President Bush.

Now, I am not saying that I do not want to help solve the problem, but I have to lay the blame where the blame deserves to be placed. Things were good. The Federal Government was, for

the first time, in surplus in the last 6 years of the Clinton administration. Now, in 8 months of the Bush administration, we are in a deficit once again.

Now, let me talk a little bit if I can, Mr. Speaker, about the consequences of this, because there are a lot of different consequences. There are various aspects as to what we are faced with here in terms of Federal policy and the negative consequences. I only mention it, not because I want to dwell on the negative, but because I want us to understand where we are so that we can do something about it in the future.

First of all, let me say I do not care what the other side says about this, the fact of the matter is that because we are now in this deficit situation, because of the Bush tax cut, we have destroyed any opportunity to spend any money on the national priorities that the President and others have talked about.

If we listen to President Bush, he still talks about his education initiative and how there is going to be money now that is going to go back to the States and local school boards and to the schools throughout the country that are going to beef up education. Let me assure my colleagues that the money is not there to pay for it. It is not going to happen. It is not going to happen unless we take the money from the Social Security trust fund. So I do not think it is going to happen.

Number two, the President keeps talking about his defense priorities. The gentleman from Colorado (Mr. McINNIS) just mentioned a missile defense system. Well, I do not particularly like what the President is talking about in terms of a missile defense program; but whatever he is talking about: he talks about more money for the soldiers, he talks about more money for weapons, he talks about all of these billions of dollars that are going to be necessary to put us in a state of military preparedness. The money is not going to be there.

Mr. Speaker, these things are not going to happen. President Bush's tax cut destroyed any opportunity to spend money on education or on defense. Most of all, because these are the things that I hear most about from my constituents, I happen to have a district that has a higher proportion of senior citizens; and when I am home, as I was this weekend, they still talk to me about the high cost of prescription drugs and how they cannot afford it and how they would like to have Medicare include a prescription drugs program, which I have been a big supporter of. We have a health care task force on the Democratic side of the aisle. We have been working collectively to come up with a prescription drugs Medicare program, and we have endorsed several programs on the Democratic side that President Clinton talked about what he wanted to do to

provide a prescription drugs program. Well, President Bush can tell us whatever he wants, but the money is not there, because of his tax cut, to pay for this Medicare prescription drug program.

Mr. Speaker, I doubt that any of these national priorities that the President has identified: education, defense, or a prescription drug benefit under Medicare, will ever happen because of this tax cut and because of the situation that we face today.

Now, let me go on and talk a little more. It is not only that now, because of the tax cut, the Bush tax cut and the potential deficit that we do not have any money to spend on other priorities, but what is happening now is going to have a negative impact on the economy; and the fact of the matter is that what we do not have a surplus. And we are in a deficit situation. We hurt the economy; and we make it very, very difficult to have any economic recovery. If my colleagues on the Republican side are telling us that now they want to focus on what we can do to bring the economy back, certainly bypassing this tax cut and putting us in a deficit situation, they have made it much, much harder for us to achieve any economic recovery.

Now, my colleagues do not have to take my word for it. Basically, we know that over the last year or so, the Federal Reserve has aggressively lowered short-term interest rates, but long-term interest rates have barely moved. They are still high. It was interesting, because at a July Senate Banking Committee hearing, we had Alan Greenspan, the Fed Chairman, and he very specifically indicated that the Bush tax cuts impact on the surplus in future years has prevented a decline in long-term interest rates.

The reason, a major reason why the economy was doing well during the Clinton era was because when President Clinton created a situation where there was a Federal surplus, it meant that the interest rates were low on their own, even without the Federal Reserve action; and it basically made it so that money was available. The Federal Government was not borrowing as much and taking money out of the system for lenders who wanted to use it to lend money to companies or factories so that they could build new factories and come up with new means of production and create more jobs. That drain that comes, the drain on the economy that comes from a Federal deficit is going to have a terribly negative impact on the economy and make it much more difficult for us to recover because the long-term interest rates will remain high, because it will be more difficult to borrow and raise capital for new production and create new jobs.

At this Senate Committee on Banking and Financial Services hearing,

just to again reiterate that what I am saying is not pie in the sky, we had a little dialogue between the Federal Chairman Greenspan and Senator SCHUMER from New York. And if I could just repeat this, this was the Senator, or I do not know if I can use the word "Senator," but a member of the other body who said, and I quote, "One thing you mentioned, Mr. Greenspan, you thought that rates hadn't come down enough was that the rate of decline of Treasury debt had not been as great as we thought. Is that due to the tax cut?" The Senator said. And Federal Chairman Greenspan said, "I think it is basically due to a series of things. One, the tax cut." Senator SCHUMER says, "Right. So the tax cut did have a negative effect on this?" And Alan Greenspan says, "Oh, yes, no question."

So the Bush tax cut is not only making it difficult to spend any money on education, defense, Medicare prescription drugs, and may kill all of those things; but in addition, it is having a negative impact on the economy and it is going to be very, very difficult to achieve the kind of economic recovery that now the President and my Republican colleagues are saying should be a priority.

Lastly, and this I guess is the most obvious one, but I want to go into it a little bit. What is happening here now in terms of us going back into a deficit and, inevitably, it seems, spending the money from the Social Security and the Medicare trust fund, is that the money is not going to be available in the Medicare and Social Security trust funds to pay benefits.

Right now, the seniors that I represent, Medicare is probably the most important Federal program that they have available to them. Social Security is the most important program, because it is just, if not more important, because of the fact this they depend on the income from Social Security.

Well, right now we are okay. But we all know that in a few years, there will not be as much money available for Medicare and Social Security because the number of people who will become seniors, the so-called baby boom generation of which I am a part, when they get to be 65, there are going to be more of them and there is going to be a need for more money to pay out their retirement Social Security benefits and take care of their Medicare and take care of their health care needs.

So the reason that the Congress a few years ago started to build up this surplus in the trust funds for Medicare and Social Security was because they knew that maybe by 2020 or 2030, 20 or 30 years from now, if not sooner, but certainly by then, that there would be a lot more seniors and we would need more money to build up in this trust fund to pay out the benefits. Well, if we

now dip into the Medicare and Social Security trust fund, this so-called surplus, that money is not going to be there.

Now, what the Democrats have been doing when Clinton was President was they recognized this and they said, okay, let us take a certain percentage of this surplus and general revenues that we have and let us dedicate it towards Social Security and Medicare. In other words, we had a Social Security and Medicare trust fund that had a surplus on their own, but President Clinton said, let us take money from the surplus we are building in general revenues from tax revenues and let us apply that to the Social Security and Medicare trust funds so that even more money would be available in 2020 or 2030 when we needed it. Well, that is all gone. There is nothing now; there is no general revenue surplus available to apply it to Social Security and Medicare. Instead, we are now taking from those trust funds to pay for general operations to operate the government.

Mr. Speaker, it is pretty easy to figure out what is going on here, but the reality is very dire, because now there is a serious question about whether or not the Social Security and Medicare money will be available for people my generation when they get to be seniors.

□ 2015

Now, what I am going to mention now does not necessarily relate to the budget and to what the President did with his tax cut.

But ironically, in the middle of all of this, at the very time when President Bush's tax cut is having this negative impact and threatening Social Security and Medicare, we have the President, President Bush, setting up this commission, this Social Security commission that over the summer, including during the August break, started to provide all of this information about how they want to privatize Social Security. They may want to raise the age again when one gets Social Security.

There is all this potential tinkering with the Social Security system that I think is going to make the situation even worse, because if we privatize Social Security, or say to people that they can take a certain amount of their money outside the system and invest it in the stock market or in something else, there again, that is taking money away from the Social Security system that is not going to be available for the baby boom generation when they get to be 65.

Mr. Speaker, we no longer have the situation which we had under President Clinton and the Democrats where the general revenue surplus is being applied to boost up Social Security and Medicare. We now have a situation where President Bush's tax cut is probably going to make Congress, or maybe we are already doing it, dip into the

trust funds for Social Security and Medicare.

At the same time, we have this commission out there that President Bush is instituting that is proposing to take even more money out of the Social Security and Medicare trust funds so that people can invest money in the stock market or whatever. I cannot imagine a worse situation.

Mr. Speaker, I recognize and I agree with my colleague, my Republican colleague who spoke before me, the gentleman from Colorado, that I do not want to just come here and talk about how bad things are. But if we do not recognize why they are getting bad, then we are never going to correct them.

This Congress has to think about ways of dealing with the fact that this tax cut has really hurt the economy, threatened Social Security, and makes it impossible for us to invest in other national priorities such as education, prescription drugs under Medicare, and defense needs.

Until we recognize the fact that this is the cause or a major cause of the problem, I do not know how we are going to correct it. I am not going to just stand here and put my head in the sand and say this is just happening through natural causes. This is happening because of the President and the Republican leadership's tax policy. That is why we are in the situation that we are in, and we need to recognize it before we can move on.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Ms. CARSON of Indiana (at the request of Mr. GEPHARDT) for today on account of official business.

Mr. DAVIS of Illinois (at the request of Mr. GEPHARDT) for today, September 11 and 12 on account of business in the district.

Mr. DEUTSCH (at the request of Mr. GEPHARDT) for today on account of official business.

Mr. STUPAK (at the request of Mr. GEPHARDT) for today on account of family business.

Mr. DOOLITTLE (at the request of Mr. ARMEY) for today on account of personal reasons.

Mr. GRUCCI (at the request of Mr. ARMEY) for today on account of his mother had a heart attack.

Mr. ROYCE (at the request of Mr. ARMEY) for today and September 11 on account of personal business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Member (at the request of Mr. McNULTY) to revise and